

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 7, 2010
POSITION: Neutral

BILL NUMBER: SB 903
AUTHOR: R. Wright

BILL SUMMARY: Penalty Collections: Limitations

This bill would extend the period for the Division of Labor Standards and Enforcement (DLSE), within the Department of Industrial Relations (DIR), to commence a collection action from one year to three years. Additionally, the bill would define "commence an action" as it relates to the collection period.

FISCAL SUMMARY

This bill is also likely to result in an increase in penalty revenue by extending the collection period. These revenues are currently deposited into the General Fund. In 2008-09, DIR collections resulted in General Fund revenue totaling approximately \$19.5 million for both the DLSE and the Division of Occupational Safety and Health (DOSH). This measure is likely to increase this amount by allowing more time for collection activities.

However, according to DIR, there have been no significant lapses in filing actions to recover penalties; therefore, any increased collections are likely to be minor. Any workload associated with the provisions in this measure will be minor and absorbable.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the April 7, 2010 version are minor and do not alter our position.

The only notable change to the bill is to define when an action commences for purposed of the collection time limits.

COMMENTS

Existing law requires the DLSE to enforce minimum labor standards and specifies that the collection of penalties must commence within one year from the date the penalty or fee became final. This bill would extend that period to three years.

This bill is intended to improve DLSE collections and make the timeline for initiating a collection action consistent with the time allowed for the DOSH penalty collections.

Analyst/Principal (0240)	Date	Assistant Program Budget Manager	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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BILL NUMBER

SB 903

		SO	(Fiscal Impact by Fiscal Year)							
Code/Department		LA	(Dollars in Thousands)							
Agency or Revenue		CO	PROP							Fund
Type		RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	Code
7350/DIR		SO	No		-----	No/Minor	Fiscal Impact	-----		3078
1643/PenAssessm		RV	No		-----	See Fiscal Summary	-----			0001
<u>Fund Code</u>	<u>Title</u>									
0001	General Fund									
3078	Labor and Workforce Development Fund									